

- (a) the types of services and products that may be used, promoted or offered at the Hotel;
 - (b) the types and quality of services and products that, to supplement services listed on Attachment A, must be used, promoted or offered at the Hotel;
 - (c) the use, display, style and type of signage and of all other forms of identification at or pertaining to the Hotel, including but not limited to any use of the Staybridge Suites name or any other of Licensor's service marks, trademarks or copyrights (in all formats, including but not limited to print, electronic or other media) which are seen by members of the consuming public or used to identify the Hotel to actual or prospective consumers;
 - (d) directory and reservation service listings of the Hotel;
 - (e) training of persons to be involved in the operation of the Hotel;
 - (f) participation in all marketing, reservation service, advertising, training and operating programs designated by Licensor as System-wide (or area-wide) programs in the best interests of hotels using the System;
 - (g) maintenance, appearance and condition of the Hotel; and
 - (h) quality and types of services offered to customers at the Hotel.
- (8) use such automated guest service and/or hotel management and/or telephone or telecommunication system(s) which Licensor deems to be in the best interests of the System, including any additions, enhancements, supplements, or variants thereof which may be developed during the term hereof;
 - (9) participate in and use those reservation services which Licensor deems to be in the best interests of the System, including any additions, enhancements, supplements or variants thereof which may be developed during the term hereof;
 - (10) adopt all improvements or changes to the System as may be from time to time designated by Licensor;

- (11) strictly comply with all governmental requirements, pay all taxes, and maintain all governmental licenses and permits necessary to operate the Hotel in accordance with the System;
- (12) permit inspection of the Hotel by Licensor's representatives at any time and give them free lodging for such time as may be reasonably necessary to complete their inspections;
- (13) promote the Hotel on a local or regional basis subject to Licensor's requirements as to form, content and prior approvals;
- (14) insure that no part of the Hotel or the System is used to further or promote a competing business or other lodging facility, except as Licensor may approve for businesses or lodging facilities owned, licensed, operated or otherwise approved by Licensor or its parents, divisions, subsidiaries, and affiliates;
- (15) use every reasonable means to encourage use of Staybridge Suites facilities everywhere by the public;
- (16) in all respects use Licensee's best efforts to reflect credit upon and create favorable public response to the name "Staybridge Suites";
- (17) promptly pay to Licensor all amounts due Licensor, its parents, subsidiaries and affiliates as royalties, or charges, whether or not arising out of this License, or for goods or services purchased by Licensee for use at the Hotel; and
- (18) Licensee shall comply with Licensor's reasonable requirements concerning confidentiality of information; and, in particular, shall not disclose, without Licensor's written permission, information pertaining to Licensor's marketing and reservations programs that have not been disclosed to the public

Using the same requirements applicable generally to hotels under the System operated by Licensor and its licensees in the same category as the Hotel, Licensor may at any time during the term hereof require substantial modernization, renovation and other upgrading of the Hotel. Limited exceptions from those requirements may be made by Licensor based on local conditions or special circumstances. If the upgrading requirements contained in this paragraph 3.B cause Licensee undue hardship, Licensee may terminate the License, by giving Licensor at least six (6) months' advance notice accompanied by a lump sum payment as an early termination fee, and not as a penalty or in lieu of any other payments required under this License, equal to the total of all amounts required under paragraph 3.C for the 12 calendar months of operation preceding the notice or if the Hotel has been in operation in the System for less than 12 months, the greater of (i) 12 times the monthly average of such amounts for the period during which the Hotel has been in operation in the System, or (ii) 12 times such amounts as are due for the one month preceding the termination. The provisions of the preceding sentence are not applicable to the Work as defined in this License or to future upgrading requirements due to conversions, relicensing, product quality inspections of the Hotel, Standards Manual requirements or a request for change of ownership by Licensee.

C. Fees.

- (1) For each month (or part of a month) during the License Term, Licensee will pay to Licensor by the 15th of the following month, except in the case of the

Technology Fee in paragraph 3.C(1)(c) below, which is payable monthly in advance:

- (a) a royalty of 5% of the gross suites revenues attributable to or payable for rental of guest suites at the Hotel with no deduction for any item, including, but not limited to, no adjustment for the cost of any food and beverage items provided or made available to a guest as an incident of a suite rental, however with deductions for sales and room taxes only ("Gross Suites Revenue"); and
- (b) "Staybridge Brand Support Fund Contribution" equal to 2.5% of Gross Suites Revenue to be used for marketing, reservations and other related activities which, in Licensor's sole business judgment as to the long-term interests of the System, support marketing, reservations and other related functions. The Support Fund Contribution is subject to change by Licensor from time to time. The Support Fund Contribution does not include costs which Licensee incurs in the acquisition, installation or maintenance of reservations services, equipment or training, or in its own marketing activities. Each increase shall be explained in writing to Licensee at least 30 days before it goes into effect. Licensor's Franchise Committee or its equivalent must approve any such increase and must determine, in the exercise of its business judgment as to the long-term overall interests of the System, that the increase was adopted in good faith and is consistent with the long-term overall interests of the System. Increases during the term of

- (c) a monthly Technology Fee of \$11.91 for each guest suite at the Hotel to be used by Licensor for provision of technology services, such as, but not limited to satellite communications services to the Hotel, plus such increases as Licensor may judge reasonable, but in no case exceeding in any calendar year 10% of the fee in effect at the beginning of that year, (the Technology Fee does not include the cost or installation of any equipment at the Hotel); and
- (d) all fees due for travel agent commission programs, including Electronic Commission Services and Field Marketing Co-op programs attributable to the Hotel; and
- (e) an amount equal to any sales, gross receipts or similar tax imposed on Licensor and calculated solely on payments required hereunder, unless the tax is an optional alternative to an income tax otherwise payable by Licensor.

Licensor may, at its election, require Licensee to pay all outstanding fees by electronic funds transfer/direct debit of account or other similar technology designed to accomplish the same purpose.

Licensee will operate the Hotel so as to maximize gross suites revenues of the Hotel consistent with sound marketing and industry practice and will not engage in any conduct which reduces gross suites revenues of the Hotel in order to further other business activities.

- (2) A standard application fee for additional rooms as set forth in Licensor's then current Staybridge Suites disclosure document will be charged upon application for any guest suites to be added to the Hotel.
- (3) Additional royalties may be charged on revenues (or upon any other basis, if so determined by Licensor) from any activity if it is added at the Hotel by mutual agreement, and:
 - (a) it is not now offered at System hotels generally and is likely to benefit significantly from or be identified significantly with the Staybridge Suites name or other aspects of the System; or
 - (b) it is designed or developed by or for Licensor.
- (4) Charges may be made for optional products or services accepted by Licensee from Licensor, either in accordance with current practice or as developed in the future.
- (5) Each payment under this paragraph 3.C, except the standard Additional Suites Application Fee, shall be accompanied by the monthly statement referred to in paragraph 8.A. Licensor may apply any amounts received under this paragraph 3.C. to any amounts due under this License. If any amounts are not paid when due, such non-payment shall constitute a breach of this License and, in addition,

- (6) Local and regional marketing programs and related activities may be conducted by Licensee, but only at Licensee's expense and subject to Licensor's requirements. Reasonable charges may be made for optional advertising materials ordered or supplied by Licensor to Licensee for such programs and activities.
- (7) Licensor has the right, in its sole discretion, to require Licensee to tender any payments due to Licensor under this License to Licensor's parents, affiliates, subsidiaries or other designees.

4. **Licensor's Responsibilities:**

A. **Training.**

During the License Term, Licensor will continue to specify and provide required and optional training services and programs at various locations. A fee may be charged for certain required and optional training services. Travel, lodging and other expenses of Licensee and its employees will be borne by Licensee. Reasonable charges may be made for training materials.

B. Reservation Services.

During the License Term, so long as Licensee is in full compliance with its obligations hereunder, Licensor will afford Licensee access to reservation service for the Hotel on terms consistent with this License.

C. Consultation on Operations, Facilities and Marketing.

During the License Term, Licensor will, from time to time at Licensor's discretion, make available to Licensee consultation and advice in connection with operations, facilities and marketing. Licensor may from time to time furnish to Licensee names of suppliers or recommend to Licensee suppliers of goods and services required or useful in the operation of the Hotel; however, Licensor is not obligated to furnish any such names or to continue doing so, and Licensee is under no obligation to use any such supplier, unless expressly required to do so by the terms of this License, the Manual or otherwise. In identifying or recommending suppliers, Licensor exercises its business judgment based on its information as of that date and its sense of the long-term interests of the System. Licensor's identification or recommendation of a supplier is not a warranty of the financial condition or performance of any supplier or of any other factor, and Licensee's use of an identified or recommended supplier that sells products or services meeting Licensor's standards and specifications may facilitate compliance with those standards and specifications, but it is not a substitute for such compliance.

D. Maintenance of Standards.

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Licensors will conscientiously seek to maintain high standards of quality, cleanliness, appearance and service at all hotels using the System so as to promote, protect and enhance the public image and reputation of the Staybridge Suites name and to increase the demand for services offered by the System. Licensors' judgment in such matters shall be controlling in all respects, and it shall have wide latitude in making such judgments.

E. Application of Manual.

Licensee's Hotel and all other hotels operated under the System will be subject to the Manual, as it may from time to time be modified or revised by Licensors, including limited exceptions from compliance which may be made based on local conditions, type of hotel or special circumstances. The Manual and any modification to it can be delivered by Licensors to Licensee in hard paper copy or, at Licensors' option, be made available to Licensee in digital, electronic or computerized form. If communicated in digital, electronic or computerized form, Licensee must pay any costs to retrieve, review, use or access the Manual. The Manual is confidential and remains the property of Licensors.

F. Other Arrangements for Marketing, Etc.

Licensors may enter into arrangements for development, reservation services, marketing, operations, administrative, training, technical and support functions, facilities, programs, services and/or personnel with any other entity, and may use any facilities, programs,

services or personnel used in connection with the System, in connection with any business activities of its parents, subsidiaries, divisions or affiliates.

G. Licensor's Use of Other Advertising/Promotional Support Funds.

To the extent that advertising and/or promotional support and/or funding may become available to Licensor's parents, affiliates or subsidiaries and/or Licensor from third parties on account of the totality of the activities of Licensor's parents, affiliates and subsidiaries, including hotels operated under the System, such support and/or funding may be used or designated by Licensor's parents, affiliates or subsidiaries, or Licensor, to benefit such enterprises in the aggregate, in such proportion and manner as Licensor's parents, affiliates or subsidiaries, or Licensor determines reasonably promotes the totality of such enterprises, exercising reasonable good faith business judgment with respect to such determination, provided that any such support or funding coming from activities of the System shall be used for the benefit of the System.

H. Performance of Licensor's Obligations.

Licensee understands and agrees that Licensor, in its sole discretion, may perform any or all of its obligations under this License directly or through Licensor's parents, affiliates, subsidiaries or other designees.

5.

Changes In The Manual:

before it goes into effect (which communication may be in hard paper copy or, at Licensor's option, in digital, electronic or computerized form, and if such communication is in digital, electronic or computerized form, Licensee must pay any costs to retrieve, review, use or access same). Licensor's Franchise Committee or its equivalent, or designee subcommittee, must approve any such change and must determine, in the exercise of its business judgment, that the change was adopted in good faith and is consistent with the long-term overall interests of the System.

6. IAHI:

A. Membership.

Licensee, other licensees of the System, and Licensor are eligible for membership in the IAHI (the franchise association or successor sanctioned as such by Licensor) and are entitled to vote at its meetings on the basis of one hotel, one vote, provided that Licensee or Licensor, as the case may be, has paid all its dues and fees owing to the IAHI. The purposes of the IAHI will be to consider, discuss and make recommendations on common problems relating to the operation of System hotels.

B. Function of Committees.

IAHI Committees, their functions and their members will be subject to approval in writing by Licensor, which approval will not be unreasonably withheld. Recognizing that

the LAHI must function in a manner consistent with the best interests of all persons using the System, the Licensee and Licensor will use their best efforts to cause the governing rules of the LAHI to be consistent with this License.

7. Proprietary Rights:

A. Ownership of System.

The Licensee acknowledges and will not contest, either directly or indirectly, Licensor's unrestricted and exclusive ownership of the System and any element(s) or component(s) thereof, or that Licensor has the sole right to grant licenses to use all or any element(s) or component(s) of the System. Licensee specifically agrees and acknowledges that Licensor owns or is licensed to use the mark Staybridge Suites and all other Marks, as defined in paragraph 7.B below, other elements associated with the System, as defined in paragraph 1.B of this License, or derived therefrom (including but not limited to domain names or other identifications or elements used in electronic commerce), together with the goodwill symbolized

thereby, and that Licensee will not contest directly or indirectly the validity or ownership of the Marks either during the term of this License or after its termination. All improvements and additions whenever made to or associated with the System by the parties hereto or anyone else, and all service marks, trademarks, copyrights, and service mark, trademark, domain name or similar registrations at any time used, applied for or granted in connection with the System, and all goodwill arising from Licensee's use of

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Licensor's marks shall inure to the benefit of and become the property of Licensor. Upon expiration of the term of this License, no monetary amount shall be assigned as attributable to any goodwill associated with Licensee's use of the System or any element(s) or component(s) of the System including any trademarks or service marks licensed hereunder.

B. Trademark Disputes.

The "Marks" means the name and mark "Staybridge Suites" and its distinguishing characteristics and the other service marks, trademarks, trade dress, slogans, commercial symbols, logos, trade dress, copyrighted material and intellectual property associated with the System, including (without limitation) those which Licensor may designate in the future for use and those which Licensor does not designate as withdrawn from use. Licensor will have the sole right and responsibility to handle disputes with third parties concerning use of all or any part of the Marks or System, and Licensee will, at its reasonable expense, extend its full cooperation to Licensor in all such matters. All recoveries made as a result of disputes with third parties regarding use of the Marks or System or any part thereof shall be for the account of Licensor. Licensor need not initiate suit against alleged imitators or infringers, and may settle any dispute by grant of a license or otherwise. Licensee will not initiate any suit or proceeding against alleged imitators or infringers, or any other suit or proceeding to enforce or protect the Marks or System.

C. Protection of Name and the Marks.

Both parties will make every effort consistent with the foregoing to protect and maintain the Marks. Licensee agrees to execute any documents deemed necessary by Licensor or its counsel to obtain protection for the Marks or to maintain their continued validity and enforceability. Licensee agrees to use the Marks associated with the System only in the manner authorized by Licensor and acknowledges that any unauthorized use thereof shall constitute infringement of Licensor's rights.

D. Modification or Discontinuation of the Marks.

If Licensor modifies or discontinues use of any of the Marks licensed under this License as a result of any proceeding or settlement, then Licensee agrees to comply with Licensor's instructions in order to implement such modification or discontinuation. Licensee further agrees that it will have no right to any compensation or other remedies from Licensor or any of its subsidiaries, affiliates or parents as a consequence of any such modification or discontinuation.

8. Records And Audits:

A. Monthly Statements.

At least monthly, Licensee shall prepare a statement which will include all information

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In each month, Licensee shall prepare a statement which will include an information concerning Gross Suites Revenue, other revenues generated at the Hotel, suite occupancy rates, reservation data and other information required by Licensor that may be useful (in Licensor's sole business judgment) in connection with marketing and other functions of Licensor, its parents, subsidiaries, divisions or affiliates (the "Data"). The Data shall be the property of Licensor. The Data will be permanently recorded and retained by Licensee as may be reasonably required by Licensor. By the 3rd of each month, Licensee will submit to Licensor a statement setting forth the Data and reflecting the computation of the amounts then due under paragraph 3.C. The statement will be in such form (including but not limited to electronic transmission or automatic capture) and detail as Licensor may reasonably request from time to time, and may be used by Licensor for its reasonable purposes.

B. Preparation and Maintenance of Records.

Licensee will, in a manner and form satisfactory to Licensor and utilizing accounting and reporting standards as reasonably required by Licensor, prepare on a current basis (and preserve for no less than 4 years or Licensor's record retention requirements, whichever is longer), complete and accurate records concerning Gross Suites Revenue and all financial, operating, marketing and other aspects of the Hotel, and maintain an accounting system which fully and accurately reflects all financial aspects of the Hotel and its business. Such records shall include but not be limited to books of account, tax returns, governmental reports, register tapes, daily reports, and complete quarterly and annual financial statements (profit and loss statements, balance sheets and cash flow statements).

B. Insurance.

During the License Term, Licensee will comply with all insurance requirements of any lease or mortgage covering the Hotel, and Licensor's specifications for insurance as to the amount and type of coverage as may be reasonably specified by Licensor from time to time in writing, and will in any event maintain on the Hotel as a minimum, the following insurance underwritten by an insurer approved by Licensor:

- (1) employer's liability with minimum limits of \$10,000,000 per occurrence; and
- (2) worker's compensation insurance; and
- (3) employment practices liability insurance (including coverage for harassment, discrimination and wrongful termination and covering defense and indemnity costs) with a limit of \$1,000,000 per loss; and
- (4) the holder of the liquor license will maintain liquor liability insurance with single limit coverage for personal and bodily injury and property damage of at least \$10,000,000 for each occurrence naming Licensor and its parents, subsidiaries and affiliates (and Licensee if applicable) as additional insureds; and
- (5) commercial general liability insurance (including coverage for product liability, completed operations, contractual liability, host liquor liability and fire legal liability) and business automobile liability insurance (including hired and non-owned liability) with single-limit coverage for personal and bodily injury and property damage of at least \$10,000,000 for each occurrence, naming Licensor and its parents, subsidiaries and affiliates as additional insureds. In connection

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with all construction at the Hotel during the License Term, Licensee will cause the general contractor to maintain commercial general liability insurance (including coverage for product liability, completed operations and contractual liability) and business automobile liability insurance (including hired and non-owned liability) with limits of at least \$10,000,000 per occurrence for personal and bodily injury and property damage underwritten with insurers approved by Licensor. Licensor and its parents, subsidiaries and affiliates will be named as additional insureds.

- (6) If multiple locations are insured on policies containing an aggregate limit, then the aggregate limit must apply on a per location aggregate basis.

All policies must be written on a fully insured basis. Deductibles or self-insured retentions are subject to approval on an individual basis.

C. Evidence of Insurance.

At all times during the License Term, Licensee will furnish to Licensor certificates of insurance evidencing the term and limits of coverage in force, names of applicable insurers and persons insured, and a statement that coverage may not be canceled, altered or permitted to lapse or expire without 30 days' advance written notice to Licensor. Revised certificates of insurance shall be forwarded to Licensor each time a change in coverage or insurance carrier is made by Licensee, and/or upon renewal of expired coverages. At Licensor's option, Licensee may be required to provide certified insurance policy copies.

10. Transfer:

A. Transfer by Licensor.

Licensor shall have the right to transfer or assign this License or any of Licensor's rights or obligations hereunder to any person or legal entity.

B. Transfer by Licensee.

Licensee understands and acknowledges that the rights and duties set forth in this License are personal to Licensee, and that Licensor has granted this License in reliance on the business skill, financial status, and personal character of Licensee (if Licensee is an individual), and upon the owners, members, partners or stockholders of Licensee (if Licensee is an entity, such as a partnership or corporation ("Entity")). Accordingly, neither Licensee nor any immediate or remote successor to any part of Licensee's interest in the License, nor any individual or Entity which directly or indirectly owns an Equity Interest (as that term is defined herein) in Licensee or the License, shall sell, assign, transfer, convey, pledge, mortgage, encumber, or give away, any direct or indirect interest in the License or Equity Interest in Licensee, except as provided in this License. Any purported sale, assignment, transfer, conveyance, pledge, mortgage, or encumbrance by operation of law or otherwise, of any interest in the License or any Equity Interest in Licensee not in accordance with the provisions of this License, shall be null and void and shall constitute a material breach of this License, for which Licensor may terminate

- (1) For the purposes of this paragraph 10, the term "Equity Interests" shall mean any stock ownership, membership or partnership interests in Licensee and the interests of any partner, whether general or limited, in any partnership, with respect to such partnership, and of any stockholder, member or owner of any corporation or company with respect to such corporation or company, which partnership, corporation or company is the Licensee hereunder or which partnership, corporation or company owns a direct or indirect beneficial interest in Licensee. References in this License to "publicly-traded Equity Interests" shall mean any Equity Interests which are traded on any securities exchange or are quoted in any publication or electronic reporting service maintained by the National Association of Securities Dealers, Inc. or any of its successors.
- (2) If Licensee is an Entity, Licensee represents that the Equity Interests in Licensee are directly and (if applicable) indirectly owned, as shown in Attachment "A".
- (3) In computing changes of Equity Interest, limited partners will not be distinguished from general partners, and Licensor's judgment will be final if there is any question as to the definition of Equity Interest or as to the computation of relative Equity Interests, including transfers of Equity Interests, the principal considerations being:
 - (a) direct and indirect power to exercise control over the affairs of the Licensee;
 - (b) direct and indirect right to share in Licensee's profits; and

- (c) amounts directly or indirectly exposed at risk in the Licensee's business.

C. Transfer of Equity Interests That Are Not Publicly Traded.

- (1) Except where otherwise provided in this License, Equity Interests in the Licensee that are not publicly-traded may be transferred, issued, or eliminated with Licensor's prior written consent, which will not be unreasonably withheld; provided that after the transaction:
 - (a) 50% or less of all Equity Interests in Licensee will have changed hands since Licensee first became a party to this License, or
 - (b) 80% or less of all Equity Interests in Licensee will have changed hands since Licensee first became a party to this License, and no Equity Interest(s) will be held by other than those who held them when Licensee first became a party to this License.
- (2) In computing the percentages referred to in paragraph 10.C(1) above, limited partners will not be distinguished from general partners, and Licensor's judgment will be final if there is any question as to the definition of "Equity Interests" or as to the computation of relative Equity Interests, the principal considerations being:
 - (a) direct and indirect power to exercise control over the affairs of Licensee;
 - (b) direct and indirect right to share in Licensee's profits; and
 - (c) amounts directly or indirectly exposed at risk in the Licensee's business.

D. Transfers of Publicly-Traded Equity Interests

- (1) Except as otherwise provided in this License, publicly-traded Equity Interests in the Licensee may be transferred without Licensor's consent but only if:
- (a) immediately before the proposed transfer, the transferor owns less than 25% of the Equity Interest of Licensee; and
 - (b) immediately after the transfer, the transferee will own less than 25% of the Equity Interest of Licensee; and
 - (c) the transfer is exempt from registration under federal securities law.
- (2) Publicly-traded Equity Interests may be transferred with Licensor's written consent, which may not be unreasonably withheld, if the transfer is exempt from registration under federal securities law.
- (3) The chief financial officer of Licensee shall certify annually to Licensor that Licensee is in compliance with the provisions of this paragraph 10.D. Such certification shall be delivered to Licensor with the Annual Financial Statements referred to in paragraph 8.D.

E. Transfer of the License.

- (1) Licensee, if a natural person, may, with Licensor's consent, which will not be unreasonably withheld, transfer the License to Licensee's spouse, parent, sibling, niece, nephew, descendant, or spouse's descendant, provided that:
- (a) adequate provision is made for the management of the Hotel; and
 - (b) the transferee executes a new license agreement for the unexpired term of this License, on the standard form then being used to license new Hotels under the System, except the fees charged thereunder shall be the same as

those contained herein including any adjustments to such fees as may have been implemented from time to time in accordance with the terms of this License; and

- (c) Licensee guarantees, in Licensor's usual form, the performance of the transferee's obligations under the newly executed license agreement.
- (2) If Licensee is a natural person, he may, without the consent of Licensor, upon 30 days' prior written notice to Licensor, transfer the License to a corporation entirely owned by him, provided that:
- (a) adequate provision is made for the management of the Hotel; and
 - (b) the transferee executes a new license agreement for the unexpired term of this License, on the standard form then being used to license new Hotels under the System, except the fees charged then shall be the same as those contained herein including any adjustments to such fees as may have been implemented from time to time in accordance with the terms of this License; and
 - (c) the Licensee guarantees, in Licensor's usual form, the performance of the new licensee's obligations under the newly executed license agreement.
- (3) If Licensee is a natural person, upon Licensee's death, the License will pass in accordance with Licensee's will, or, if Licensee dies intestate, in accordance with the laws of intestacy governing the distribution of Licensee's estate, provided that:
- (a) adequate provision has been made for management of the Hotel; and